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IRON AGE
METALS PRODUCER
MARCH 1987

Upgrading Hot Mills to Upgrade Quality

Gordon E. Forward, President, Chaparral Steel:

Get Ready for Chaparral North

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DEFENSE ORDERS START TO SPUTTER

Orders going to capital goods producers were down in December, due mainly to a decline of $5.9 billion in defense orders. That slump brought down the total for capital spending to $34.5 billion from $38.7 billion in November.

Orders for nondefense capital goods rose to $30.1 billion in December from $28.4 billion the previous month.

New orders for primary metals increased $1.2 billion, or 12.6 pct, to $10.6 billion, following three months of declines. In the same period, orders for fabricated metal products went up slightly to $14.4 billion from $14.3 billion.

Transportation equipment orders showed a slight decline in December, down $100 million—or 0.2 pct—to $30.2 billion. And electrical machinery increased $1.7 billion, or 10.3 pct, to $18.5 billion, following declines in October and November.

During December, non-electrical machinery declined $1.4 billion, a drop of 8.5 pct. That followed a 11.3 pct increase in November.

Overall, new orders for all manufactured goods in December increased $2.5 billion, or 1.2 pct, to $201.9 billion, following a 3.6 pct increase in November. At the same time, new orders for durable goods went up 0.9 pct, or $1 billion, to $109.8 billion. However, virtually all unfilled orders were held by durable goods makers. In December, the durable goods orders backlog was $354 billion, while inventories for those manufacturers were down $1.7 billion to $183.8 billion.

For all of 1986, the department reported, new orders in all categories totaled $2.4 trillion, unchanged from 1985. Shipments for 1986 were $2.2 trillion, up 0.3 pct from 1985.

Billions of Dollars, Seasonally adjusted Monthly Totals unless otherwise noted Source: U.S. Dept of Commerce		Latest Month or Qtr.	Previous Month or Qtr.	Same Period Year Ago
CAPITAL EXPENDITURES (Annual Rates)				
U.S. Industry, Total	1st Q*	$386.8	$394.4	$377.9
Manufacturing, Total	1st Q*	141.2	154.2	144.0
Manufacturing, Durable Goods	1st Q*	67.9	74.2	68.0
Mining Industry	1st Q*	10.4	10.6	13.0
KEY INDICATORS, Durable Goods Manufacturing				
New Orders	Dec.	109.8	108.8	111.3
Shipments	Dec.	111.6	106.7	109.2
Inventories	Dec.	183.8	185.5	189.2
Unfilled Orders	Dec.	354.0	355.8	353.0
NEW ORDERS, METALWORKING				
Capital Goods Producers, Nondefense Industries	Dec.	30.1	28.4	30.6
Capital Goods Producers Defense Industries	Dec.	4.5	10.3	7.2
Primary Metals, Total	Dec.	10.6	9.4	10.1
Steel (SIC 331)	Dec.	4.4	3.7	4.1
Iron & Steel Castings (SIC 332)	Dec.	1.2	1.0	1.1
Nonferrous Metals	Dec.	5.0	4.7	4.9
Nonelectrical Mach.-Equip. Industries, Total	Dec.	15.5	16.9	16.2
Engines & Turbines	Dec.	0.7	1.2	1.7
Farm Mach.& Equipment (Shipments)	Dec.	0.7	0.7	0.8
Construction, Mining & Mat. Hdlg. Equip	Dec.	2.6	2.7	2.9
General Industrial Machinery	Dec.	1.2	1.5	1.3
Metalworking Machinery	Dec.	0.7	0.9	0.6
Machine Tools, Total ($Mill.)**	Dec.	136.1	132.6	175.0
Machine Tools, Metalcutting**	Dec.	86.8	83.9	116.6
Machine Tools, Metalforming**	Dec.	49.3	48.7	58.4
Electrical Mach. & Equip. Industries, Total	Dec.	18.5	16.7	16.3
Elec. Transmission & Ind. Equip.	Dec.	2.1	2.0	2.0
Household Appliances	Dec.	1.5	1.6	1.5
Communication Equipment	Dec.	6.0	5.5	5.2
Transportation Equipment, Total	Dec.	30.2	30.2	31.0
Motor Vehicles & Parts (Shipments)	Dec.	20.6	17.2	17.4
Aircraft, Missiles & Parts	Dec.	8.6	12.5	13.0
Shipbuilding & Military Tanks	Dec.	0.3	-0.3	0.3
Fabricated Metal Products, Total	Dec.	14.5	14.3	14.1
Instruments, Total	Dec.	4.6	4.6	5.0

*Est. – Commerce Dept. **Source: NMTBA